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Approved For Release 2002/05/09 : CIA-RDP80-01237A000100050024-5

MINUTES OF COST ESTIMATES COMMITTEE MEETING

East Building Conference Room

21 April 1961

1. The meeting was called to order at 10:00 a.m., with the following present:

Mr. E. R. Saunders, Chairman
Mr. Earl W. S. Churchill, State
Mr. Howard E. Barkey, Defense
Lt. Col. R. C. Lewis, Army
Capt. C. M. Sugarman, Navy

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[REDACTED]

Lt. Col. F. L. Vaughan, Air Force
Col. R. Park, Joint Staff

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[REDACTED]

Office of Coordination, CIA
, Budget Division, CIA

2. Mr. Saunders opened the meeting with a discussion on the draft of a memorandum, subject, "Implementation of Recommendation No. 38 of Joint Study Group Report", addressed to the Chairman, United States Intelligence Board. The draft was unanimously approved as written and Mr. Saunders stated it would be put in final form and submitted to the USIB.

3. The report itself was then taken up and the various members who had changes to make made them known. Mr. Saunders stated that the Committee would accept the figures as resubmitted today as the correct ones for submission to the USIB.

4. Mr. Saunders then brought up the subject of the wording of the report. He said one change should be made -- that of making all of the tables available to the USIB members rather than just the total figures. This was agreed to by all present. [REDACTED] made some minor recommendations for changes which were accepted as presented. He also passed out copies of revised page 12 and Annex E and stated that there will be notations explaining the increases and/or decreases in the figures in Annex E.

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DOC	5	REV DATE	2 APR 1961	BY	029725
ORIG COMP		OPI	38	TYPE	01
ORIG CLASS		REV CLASS	3		C
JUST	22	NEXT REV	2011	AUTH:	HR 70-2

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5. Col. Lewis said on page 2, paragraph 5, of the memorandum addressed to the Chairman, USIB, he would like to omit the phrase "and the Army which is partially on an obligation and partially on an accrued cost basis in conformity with the accounting system in use", because the report was submitted strictly on an obligation basis. Also, all other references to this same statement in the various memoranda and letters should be deleted.

(NOTE: Subsequent to the meeting on 20 April 1961, [] reviewed the 25X1A report originally submitted by the Department of the Army and found that their report indicated that the report was submitted partially on an obligation and partially on an accrued cost basis but since this was included in the report, [] called and discussed the matter with Maj. Hursh, Deputy to Col. Lewis. Maj. Hursch indicated that he and Col. Lewis discussed the matter and they agreed to propose the change discussed above by deleting the reference to the Army reports as being partially on an obligation basis and partially on an accrued cost basis and he was familiar with these discussions. 25X1A However, after [] call, he went back and reviewed and reports again 25X1A and subsequently called [] and asked that the statements which had been deleted from the letters on this question be reinstated. This was subsequently checked out with Mr. Barkey. Mr. Barkey called [] back 25X1A and stated that he did agree that the statement should be restored to the letters and memoranda.)

6. Mr. Saunders said the Bureau of the Budget will only receive the over-all report for Fiscal Year 1960 and will not receive any of the comparative data which has been prepared.

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7. Col. Park raised the question as to who comprised the President's Board of Consultants now. Mr. Saunders said the only one who has been officially appointed is [] who is now the Secretary of the Board.

8. Mr. Barkey asked if the report will be submitted to the Appropriations Committee irrespective of whether they ask for it. Mr. Saunders said the report will be held until such time as the Appropriations Committee asks for it.

9. Mr. Saunders pointed out that in connection with Annex E, (Comparison of Estimated Foreign Intelligence Costs), the departments and agencies will have to submit explanations to these increases and/or decreases.

10. Mr. Saunders stated that it is most important the principals who will attend the USIB meeting are fully briefed and understand the report before going to the USIB meeting.

11. Mr. Saunders closed the meeting by stating that the papers will be revised with the changes as agreed upon today and distributed to the members for their review with a deadline for any changes prior to submission to the USIB for approval.

12. The meeting adjourned at 11:00 a.m.

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E. R. SAUNDERS
Chairman

Cost Estimates Committee